

**Statement of
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[Mr. Chairman and members of the Committee, thank you for the opportunity to testify today on this important issue.] Providing benefits for survivors of our military veterans is one of our core responsibilities at the Dept. of Veterans Affairs.

VA provides a wide range of benefits for the surviving spouse, dependent children, and dependent parents of deceased veterans and military service members. My testimony will summarize the benefits we provide, some of the recent changes to those benefits, and the scope of our payment systems. It should be noted that these are not the only death benefits a surviving spouse and children are entitled to. They are also entitled to an array of Defense and Social Security benefits that both complement and in some cases offset each other. As we examine the adequacy of these benefits, we must do so in a holistic manner.

Compensation & Pension

One of our largest survivor programs, Dependency and Indemnity Compensation (DIC), is administered by the Compensation & Pension Service (C&P). The program pays a monthly benefit to the surviving spouse, dependent children, and dependent parents of a veteran who died in service or as the result of a service-related disability. Currently there are 318,574 cases on the C&P rolls. (A case may include more than one beneficiary, such as a spouse and minor children). DIC may also be paid when a veteran was receiving or entitled

to receive VA disability compensation at the total (100%) disability rate for one or more service-connected disabilities for at least 10 years immediately before death, or for at least 5 years and continuously from the date of military discharge. Entitlement on this basis may be established regardless of the cause of death.

Recent legislation relating to spouses of former POWs reduced the time required for the veteran to be evaluated as totally disabled. DIC is now payable to the surviving spouse of a former POW who died after September 30, 1999, and was rated totally disabled due to service-connected conditions for a period of at least one year immediately preceding death. Entitlement on this basis may also be established regardless of the cause of death.

Surviving spouses of veterans who died on or after January 1, 1993, receive \$993 a month. For a spouse entitled to DIC based on the veteran's death prior to January 1, 1993, the amount paid is the greater of \$993 or an amount based on the veteran's pay grade. In 2001, VA completed a DIC Program Evaluation which recommended an increase in benefits for survivors with children. As a result, Congress enacted legislation last session that provides for a transitional benefit of \$250 per month payable to a surviving spouse who has a minor child or children. It is payable for up to two years after DIC entitlement commences.

A surviving spouse who loses entitlement to DIC upon remarriage may have eligibility restored if the remarriage later ends in death, divorce, or annulment. Under Public Law 108-183, widows entitled to DIC may now retain eligibility to receive that benefit if they remarry following attainment of age 57.

Monthly DIC payments for parents of deceased veterans depend on their income. The maximum rate payable is \$487 per month for a sole surviving, unremarried parent or a remarried parent living with spouse, *and* with income of not more than \$800 per month.

Surviving spouses and unmarried children of deceased veterans with wartime service who do not qualify for DIC may be eligible for death pension benefits. Eligibility is based on financial need and is not payable to those with estates large enough to provide maintenance. The veteran must have been discharged under conditions other than dishonorable and must have had 90 days or more of active military service, at least one day of which was during a period of war, or have been discharged for a service-connected disability and had active military service during a period of war. If the veteran died in service but not in the line of duty, pension may be payable if the veteran had completed at least two years of honorable service.

C&P death pension cases total 212,551 as of December 2004. (A case may include more than one beneficiary, such as a spouse and minor children). The current annual rate of death pension for a surviving spouse with no dependents and no income is \$6,814. Additional benefits may be available if the surviving spouse is in a nursing home, in need of regular aid and attendance, or permanently housebound. The maximum annual rate for a surviving child who is not in the custody of a surviving spouse who is eligible for death pension is \$1,734. Payments are reduced by the amount of recipients' annual income from other sources, such as Social Security.

Casualty Assistance Program

Following the terrorist attacks of September 11, 2001, and with the start of Operation Enduring Freedom (OEF), a VA/DoD Casualty Assistance Task Group was brought together to discuss procedures for managing mass casualties and ways to improve processing of all in-service death claims. As a result, a Casualty Assistance Program was revitalized and streamlined to focus on assistance to survivors of service members who die while on active duty.

This program has worked effectively to streamline both the DIC application and claims-adjudication processes for survivors of service members who die on active duty. In addition, VA has outlined specific outreach requirements, to include personal visits with survivors. In 2002, all in-service death DIC claims were centralized to the Philadelphia Regional Office for processing. VBA casualty assistance officers (CAOs) were assigned to each regional office to work closely with military CAOs, and visit survivors to provide benefits information and assistance.

Education

Education is also an important benefit for survivors. Surviving spouses and children can gain eligibility to educational assistance based on the service member's death or, following active duty, his or her permanent and total service-connected disability. Last year, VA paid educational assistance to 53,007 dependents of seriously disabled veterans and 15,913 survivors.

Dependents' Education Assistance (DEA) benefits are available to spouses who have not remarried and children of: (1) individuals who died on active duty or are permanently and totally disabled as the result of a disability arising from active military service; (2) veterans who died from any cause while rated permanently and totally disabled from service-connected disability; (3) service members listed for more than 90 days as currently missing in action or captured in line of duty by a hostile force; (4) service members listed for more than 90 days as currently detained or interned by a foreign government or power.

The termination of a surviving spouse's remarriage, either by death or divorce, will reinstate Dependents' Educational Assistance benefits to the surviving spouse. Additionally, Public Law 108-183 permits surviving spouses entitled to DEA benefits to retain those benefits if they remarry after age 57.

Benefits may be awarded for pursuit of associate, bachelor, or graduate degrees at colleges and universities, including independent study, cooperative training, and study abroad programs. Courses leading to a certificate or diploma from business, technical or vocational schools also may be taken. Benefits may also be awarded for apprenticeships, on-the-job training programs, and farm cooperative courses.

Today's monthly rate is \$803 for full-time pursuit of an approved education or training program, with lesser amounts for part-time training. This benefit is available for 45 months of full time training, and payments to a spouse end ten years from the date the individual is found eligible or from the date of the death of the veteran.

Recent legislation granted an extension in eligibility to the surviving spouse of an individual who died while on active duty. They now have twenty years to use the benefit.

VA will also pay a special Montgomery GI Bill death benefit to a designated survivor in the event of the service-connected death of an individual while on active duty or within one year after discharge or release. The deceased must either have been entitled to educational assistance under the Montgomery GI Bill program or a participant in the program who would have been so entitled but for the high school diploma or length-of-service requirement. The amount paid will be equal to the participant's actual military pay reduction, less any education benefits paid.

Insurance

The Service members' Group Life Insurance (SGLI) program, first established in 1965, provides automatic low-cost term insurance protection to service members through a group policy purchased by VA from Prudential Life Insurance Company of America. The government pays the claim costs resulting

from the extra hazards of service. All other costs of the program are covered by premiums deducted from the insured service member's pay.

When SGLI was first established, the maximum amount of coverage available was set at \$10,000. There have been seven coverage increases since the program's inception. Recent increases include a coverage increase in 1996 when the maximum coverage available was raised from \$100,000 to \$200,000, and then again in 2001, when coverage was increased to the current maximum of \$250,000.

Unless they decline to participate, basic SGLI coverage is automatically provided to those members on active duty in the Army, Navy, Air Force, Marine Corps, and Coast Guard, as well as ROTC members, and uniformed members of the Public Health Service and National Oceanic and Atmospheric Administration. The Ready Reserve is also insured by SGLI, including reservists and members of the National Guard. The participation rate at the end of the 2004 Policy Year was 98 percent for active duty (including reservists called to active duty) and 93 percent for the Ready Reserve.

As of January 2005, the Office of Service members' Group Life Insurance (OSGLI) has issued over 1,900 payments to beneficiaries as a result of 1,512 deaths certified by the branches of service in Operations Enduring Freedom (OEF) and Iraqi Freedom (OIF). Only ten of these members had declined SGLI coverage. Of the remaining members, 31 had opted for coverage amounts less than the maximum of \$250,000. Claims paid to survivors of OIF/OEF service members total over \$341,857,000.

The Veterans' Survivors Benefits Improvement Act of 2001 extended life insurance coverage to spouses and children of members insured under the SGLI program, effective November 1, 2001. Spousal coverage is available to the spouses of active duty service members and members of the Ready Reserve of

a uniformed service. Up to \$100,000 of coverage can be purchased by the member for a spouse, in increments of \$10,000. SGLI spousal coverage may not be greater than the amount of the service member's coverage. The maximum coverage for a child is \$10,000.

In the case where a service member is married to another service member, the potential survivor benefit for this group of individuals is \$350,000 - - \$250,000 Basic SGLI coverage plus \$100,000 Family SGLI spousal coverage. It is estimated that there are currently 84,000 such married personnel currently serving on active duty.

Beneficiary Financial Counseling Services (BFCS) is one-on-one, free, objective financial counseling for SGLI beneficiaries provided by ComPsych, a vendor under contract with Prudential. Services include estate settlement and planning, investment planning, budgeting, and income tax planning. BFCS was started as a pilot project in 1999, and has now been adopted as a permanent feature of the SGLI program of benefits. Over 190 beneficiaries have taken advantage of this service since its inception.

Burial Benefits

To the extent that the Department of Defense benefits would not cover the full amount of funeral expenses, VA is authorized to pay up to \$2,000 to cover burial and funeral expenses in cases of service-connected deaths. In addition, VA provides burial in national cemeteries and also provides burial flags and markers for the graves of deceased servicemembers.

Other Benefits

In addition to the benefits described above, VA offers a range of additional benefits to survivors, including home loan guaranties, the Restored Entitlement Program, and educational or vocational counseling services.

Conclusion

[Mr. Chairman,] In summary, a surviving spouse of a deceased veteran may be entitled to basic DIC benefits of \$993 per month, educational benefits of \$803 per month, home loan guaranty, and an insurance benefit of \$250,000.

As you can see, VA provides a substantial array of benefits to care for the survivors of service members and veterans. We continue to strive toward enhanced benefits for veterans and their survivors to fulfill our mission of world class service. [This completes my statement, and I will be happy to answer any questions you and other members of the Committee might have.]